An overhead view of a group of people in a meeting, with a warm orange overlay. The scene includes a wooden table with laptops, tablets, smartphones, papers, and coffee cups. One person is pointing at a laptop screen, another is using a tablet, and others are looking at documents or phones. A clipboard with a pie chart and bar graph is visible. The text '9 Strategies to Lower Workers Compensation Premiums' is overlaid in white.

# 9 Strategies to Lower Workers Compensation Premiums

directworkcomp



The Workers compensation policy is one of the most overlooked lines of insurance. It tends to get lumped in with the overall insurance package and most people don't want to talk about it, let alone focus on it until costs skyrocket out of control. Employers have such an opportunity with workers compensation to really make a difference in their organization and drive more profits to the bottom line. Companies who really look at their policy have a huge opportunity to not only create a better employee experience but also leverage this policy to create additional revenue within an organization.

There are a few moving parts in a policy that can drive down costs and increase employee engagement. When employers aren't using the strategies that you will learn here, many times claims cost will get out of control, employees have a bad experience, employers have a bad experience, and no one wins.

**The strategies contained here are proven to help businesses create better employee engagement and a 1st class claims experience as well as lowering workers compensation premiums.**



# BE PROACTIVE

In my experience, most businesses take a reactive approach to workers compensation. It's common for many owners to be focusing on running their business and the daily tasks that arise. Most employers haven't experienced the negative side effects of a large work comp claim or perhaps workers compensation isn't even on their radar. It's easy to take the approach "if it isn't broke, why fix it.?" The reality is that things can change quickly and a string of claims or a large claim can be very costly for a company.



## Here's why.

Workers Compensation experience and premiums are based upon your last three full policy years. If you haven't been managing work place injuries in the past, this poor history can stay with you for 3-5 years. This can drastically inflate your premiums and cost your company thousands or hundreds of thousands in additional insurance premiums. Being proactive can save your company from wasting money on inflated workers compensation premiums.

## Based upon my experience, here is how most claims unfold.

In most scenarios, an injured worker will report an injury to the owner, supervisor or HR Manager and no one really knows what to do. Many times the injured worker will go to the closest medical facility or even go to their own doctor. Maybe this gets reported to the workers compensation agent or carrier the same day. In my experience it may take a few days before either the agent or company knows about this claim and at this point, it's already too late. There is confusion in where to send documentation, who is paying the bill, and who is in charge of medical care. If the injured employee is going to be using their family doctor and friend, this can have huge costs to your company. You'll be taking a backseat in this claim process and you and your insurance company will be on the hook for all the bills. This will cost your company more money in the long run. When this happens, I see both parties become quickly frustrated at this process. Even worse, if your injured worker is unable or unwilling to return to work in some capacity, this can cost your company overtime, lost production, and even lost sales opportunities. What can be even more disastrous is the effect this has on your current workforce, who may think that the injured worker has it easy at home collecting a work comp paycheck. Suddenly more employees may potentially fake their own injury to receive this same 5-star treatment.

**WORK INJURY CLAIM FORM**

**1 WORKER'S DETAILS**

Title  Family name

Given names

Other known or previous legal names eg. Maiden names

Date of birth / /  Gender Male ☐ Female ☐

Residential street address

Suburb

State  Postcode

What are your daytime contact phone numbers? Mobile  Phone

E-mail address

If you need an interpreter, what language?

Do you have special communication needs? eg. Hearing or vision impairment?

These questions are required for NSW claims POLICE/FIREFIGHTER/PARAMEDIC ONLY

Do you support a partner? ☐ Yes ☐ No

If yes, what were their average gross weekly earnings over 3 months? \$

Do you support any children under the age of 18, or full-time students? ☐ Yes ☐ No

If yes, please provide the date of birth for each

In order to avoid this claim catastrophe, you need to be proactive and plan and implement some procedures before the claim.

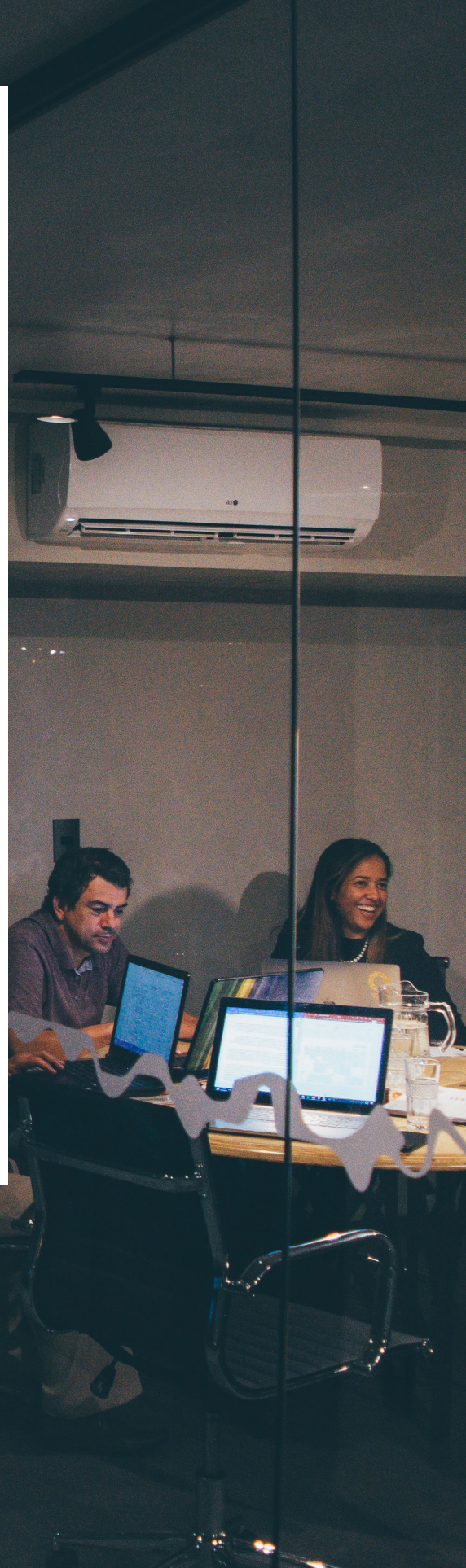


# QUARTERBACK

Step one in lowering your workers compensation premium is to appoint a Quarterback in your organization. This is essential to implementing the strategies in this book. The quarterback could be anyone in the management team who is going to lead the charge. In a smaller organization it may be the business owner and in a large organization it could be Human Resources, the Chief Financial Officer or even Risk Management.

The key is making sure you have the right person to take ownership and accountability of these premium saving practices.

They need to have 100% ownership of implementation of the various policies and procedures that we'll talk about. They will need to be able to work with all departments within your organization and be able to communicate the need for the project and why it's important.





# HR POLICIES

After a quarterback has been appointed within your business, the next step is to begin the review of the current employment handbook. The handbook will need to be reviewed to ensure it contains the appropriate language for the various cost containment measures to lower workers compensation costs. In many states the programs that follow require written documentation and notice provided to employees. We work with HR Firms who can do this step for you to save time and ensure compliance.

**Here are a few examples.**



## Immediate Reporting

One of the key components of a strong workers compensation program is immediate reporting. Employees need to report injuries to the responsible party (such as nurse triage) at your company whether they think it requires treatment or not. We need to remove the decision of whether to submit a claim and make it mandatory to immediately report. A common problem I see is when a company disciplines an employee or perhaps the employee has a feeling they may soon be discharged and then reports a claim on Monday morning. Perhaps the employee claims they hurt their back at work on Friday but didn't think it was serious enough to report and now they want to see the doctor, or even worse, they went to the clinic over the weekend and now your company is involved in a work comp claim you had no control over. Maybe the ER doctor just gave them a week off work.



How can your company even do a claim investigation for a potential denial when a claim isn't immediately reported? The right thing to do is establish an immediate reporting procedure and let the staff know they will not be punished for claim reporting. Your business needs to know right away to reduce cost.



## Drug Testing

Another HR policy that needs to be current is the drug testing. Your business needs to have a written policy that must be followed regarding how and when an employee can be drug tested. A great risk management practice is to require that any claim that results in a trip to a Physician to require a mandatory drug test. This is important because in some states this may allow your company to deny workers compensation coverage because the injured worker was impaired at the time of injury. If your company is able to deny the claim, you won't have a chargeable claim on your history and this will keep costs low.

Having a clear set of expectations will save you money and improve your relationship with your employees.



# PREFERRED PROVIDER PROGRAM

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One of the quickest ways for a claim to start incurring outrageous costs is when an injured worker sees their own physician when there is a claim. This physician will want to retain the injured workers repeat business and may order unnecessary tests to appease the employee. This can be especially true in a smaller community. This is an additional cost to the employer and workers compensation carrier. In some cases, the physician may even write a work restriction forcing this injured worker to be off work or not able to come back to work under any type of light duty program. The ultimate problem with this scenario is that the employer is at a disadvantage and the injured worker is going to control and direct their care without any regard to costs or company goals.



If the employer has been proactive in working with the physician team or network the treatment plan will align with the business interests of the employer while also taking care of the injured worker. Because your company has vetted the doctors and the clinics, you'll know that your employee will receive prompt medical attention in a manner consistent with your company values and culture.



In some states, when an employer has a written preferred provider program the injured worker must use that provider for their medical care. If they choose to go outside of that network or physician and see their own provider, they do so at their own risk. They'll be paying for those visits, not your company or insurance carrier.

In this scenario the primary preferred provider will oversee the care of your injured worker. The physician will make the necessary referrals and, in many cases, when they are working with the insurance provider, they'll be able to use vendors with lower costs and higher outcomes.

I recommend that your company visit with the provider or clinic and advise them that they are going to be the place you send all your injured workers. This clinic is going to get all of your business. I would provide them with a list of your company goals and jobs available with work restrictions. I would communicate with that physician that your goal is employee safety, but also that you want that injured worker back to work as soon as possible. I'd even recommend inviting the physician out to your company for an on-site visit to view your company and various job duties.

Lastly, I'd communicate with the physician that they don't need to make the determination of whether an injured worker is able to return to work. The physician only need to communicate work restrictions. Let your company make the decision as to whether the work restrictions can be accommodated. This is a big issue because many times an injured worker may ask for time off which a doctor is happy to oblige. When your company uses your preferred provider this can be remedied ahead of time.



# LIGHT DUTY RETURN TO WORK PROGRAM

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A key component of a thorough workers compensation program is a written light duty return to work program. The process of creating this after an injury happens leaves many employers struggling to develop any type of formal program and in many cases, they just say forget it and leave the injured worker at home. This ultimately leads to higher costs as the injured workers is collecting indemnity payments and your company is short-staffed. This may cause production delays, additional overtime, lost sales opportunities and many more hidden costs. It's better to create a work template before it's ever needed.



A light duty return to work program can be called many things. You may hear modified duty, transitional work, work restriction, or light duty. This means that when you have an injured worker who cannot return to work in their full capacity, they are going to do something else at your company that may not be their normal work. In some cases it may be a different position all together or even their same job with restrictions. The injured worker may have only one restriction or many restrictions. When an injured worker returns to employment, it's important that your company is mindful of the work restrictions. Employees need to be aware that they cannot do their full job and shouldn't violate doctors' orders and potentially cause further injury an additional cost. They also need to be aware they need to follow these restrictions at home as well as at work.

When an employer can accommodate light duty until the injured worker can return to their original position, overall costs will be lower. Generally speaking, this type of program will help bring an injured worker back to employment sooner than if your company doesn't have a light duty program. The overall costs to the insurance company will be lower and when your worker returns to work sooner, your company doesn't have to run short-handed.



# INJURY TRIAGE

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When a workplace injury occurs, time matters. Statistics have shown that when the first line of contact for an injured worker is injury triage, employers can cut their claims down by more than 60%. According to Medcore, 42.5% of claims are resolved without off-site care. Injury Triage can resolve many cases with first aid and prevent unnecessary emergency room visits or physician visits and the costs associated with them.



Typically, when an injury happens, no one at the place of employment is qualified to make any decision regarding medical treatment. The first response is to take the injured worker to the emergency room, urgent care clinic, or to a physician's office right away. The injured worker will be seen and, in some cases, treated for their injuries.

When an employer takes an injured worker in for treatment, they may be incurring expenses that are unnecessary. There could be lost time, costs of filing a claim, potentially time off work, and other business costs associated with a worker's compensation claim.

When a company has injury triage in place, the employer and injured worker contacts triage FIRST and speaks with a registered nurse. In many cases this is considerably faster than travelling to a medical clinic. The registered nurse will speak with the injured worker and will go through a system of evaluating and determining the best course of treatment for the injured worker. Many times, a claim can be resolved with first aid alone and an employee can get back to work quicker. In more serious cases the injury triage will direct the injured worker to a qualified physician in the employer's network of physicians. The great news is that if only first aid was needed this injury will not be reported to the insurance carrier and everyone just saved money by not incurring unnecessary medical expense, not to mention not having to file a claim.

# CLAIMS OVERSIGHT

When an injury occurs, there needs to be some person who is going to be responsible for making sure that everyone involved in the claim is doing what they are supposed to and making sure the injured worker is being taken care of. The question here is who that should be? Are you relying on your agent, insurance carrier, claims examiner, supervisor, HR manager or yourself? In order to keep claims on track, there needs to be someone who has to hold everyone accountable.



If there is no accountability on a claim and no vested interest by any party, claims will drag on longer, be more costly, and typically problems begin to fester between the injured worker and employer. A claim may take a wrong turn and soon the claim is a problem for both parties and moral may be affected. It's important that from the second a claim is started there is oversight on the process from start to finish.

Claims oversight should be done with an expert in works compensation. Having a claims expert on your side can be one the biggest cost savers an employer can have. There are a variety of items that a claims expert can do to help reduce cost in addition to managing the claim.



### Here are a few examples.

Every claim should be investigated to determine whether it is a workers compensation claim. Is the claim that is reported Monday morning the result of something that happened over the weekend? Is the pain an injured worker feels in their wrist really caused the work they do at your company or the result of extra-curricular activities? The first line of defense on a claim should be finding out if it's valid.

When a claim can be reported as a medical only claim instead of a medical and an indemnity claim, the savings can be substantial. Many times, a medical only claim will have a very small impact on a company's experience mod. When a claim has lost time the impact is greater and can inflate the experience mod higher costing your company more money.

Another key component of a claim is checking claims reserves. If reserves on a claim are inflated higher than they should be and this gets reported, your company's experience mod can be inflated. Claims reserves should reflect the realistic potential of the claim. If it was expected that the injured worker might need surgery and now they don't then the reserves should be adjusted down accordingly. If no one is managing this then this higher amount may be reported and adversely affect your company's experience mod resulting in increased costs.



# NAVIGATOR

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A key component during the claims is having open communication between all the parties. It's very easy to have the lines of communication break down and the next thing you know there is a potential for litigation. Leaving your injured worker alone trying to figure it out can leave them frustrated. There is also the added side effect of potential for family problems. Serious injuries can have a real impact on a family not only financially, but also on family duties leaving a marriage or family strained.



A navigator can help keep the communication lines open and advocate for the injured worker. By sending the navigator with the injured worker to the physician you'll have an extra set of eyes and ears to help understand what the doctor is saying and what needs to be done. The injured worker can easily get confused with timelines, appointments, prescriptions, treatments and all of the other follow-ups that happen during the claims process.

There are so many people that can be involved in a workers compensation claim. The injured worker, business owner, HR, Insurance Claims Representative, doctor, nurses, case managers, various medical providers. There are appointments, prescriptions, tests, work and family. Imagine yourself in place of your injured worker. You might be stressed about possible surgery, fearful of your job, unsure when you can return to work, and potentially permanent damage to your body. Your injured worker may not want surgery and be very afraid.

This is where the navigator plays a very valuable role. The navigator can communicate on behalf of the injured employee and describe their wants and needs. The navigator can help coordinate care and treatment with the various appropriate parties. This will allow for better communication and more transparency in the process.



We recommend that your organization have a navigator that engages an injured worker once any claim, small or large, is reported. The goal is to make sure the injured worker is heard and taken care of from the time the claim is reported to completion.

Injured workers will quit a job, file a suit and bad mouth your company when they feel they are not being heard. This added stress and frustration comes from the lack of communication. When your injured worker is frustrated and unsure what to do, they may feel their only protection is to hire an attorney to represent their best interests. Don't let this happen. Have a navigator.

A navigator could be someone in your company or a third party. A third party is usually better as most employers don't have time to send two people to a claim.

## WORKERS COMPENSATION IS A BENEFIT

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Workers compensation should be presented to employees just like any other group benefit. Workers compensation takes care of your employees just like health care, life insurance, disability insurance and various other types of insurance. The problem is that no one talks to their employees about workers compensation and how it works. Work Comp seems to get a bad rap.



Imagine that when your company is onboarding a new hire and reviewing sick leave, vacation pay and health benefits that workers compensation is also being discussed. Your new hire learns the importance of work place safety and your companies program and policies. At this time you can also explain to them the company policy on what they should do if they are injured. They should know that if they are injured the protocol is immediate reporting. Employees should understand that your company has a team of doctors and facilities where they can be seen and all medical costs will be paid at 100%.

Everyone in the company needs to understand their role and responsibility in the workers compensation process.

Onboarding employees is the perfect opportunity to talk about workers compensation and the claims process. Many times employees may be scared of losing their job if they report an injury. Now they can understand that it's actually welcomed, and they should report it right away. When this happens the employee will receive proper medical attention and the likelihood of them being out for any length of time it is minimal.

When a business focuses on workers compensation, the results for their organization can be amazing. Not only will the business be able to see lower insurance costs, they'll also have less down time, less employee turnover, reduced overtime, and their employees can feel secure knowing they'll be taken care of if they are injured at work.



**If your business wants to take advantage of our  
money savings tips, then contact us today at  
888.399.1190**

 [sales@directworkcomp.com](mailto:sales@directworkcomp.com)

 [www.directworkcomp.com](http://www.directworkcomp.com)